

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	Chapter 11
Silicon Graphics, Inc., et al.	Case No. 06-10977 (BRL)
Debtors.	(Jointly Administered)

**POST-CONFIRMATION QUARTERLY SUMMARY REPORT FOR
THE PERIOD FROM DECEMBER 30, 2006 TO MARCH 30, 2007**

DEBTOR'S ADDRESS: 1140 E. Argues Avenue, Sunnyvale, California 94085

QUARTERLY DISBURSEMENTS MADE BY SILICON GRAPHICS, INC.,
AND ITS DEBTOR SUBSIDIARIES (IN MILLIONS); \$115 Million

DEBTOR'S ATTORNEY: Weil, Gotshal & Manges LLP
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REPORT PREPARER: SILICON GRAPHICS, INC., et al.

The undersigned, having reviewed the attached report and being familiar with the Debtors' financial affairs, verified under penalty of perjury, that the information contained therein is complete, accurate and truthful to the best of my knowledge.

/s/ Kathy Lanterman
Kathy Lanterman
Chief Financial Officer
Silicon Graphics, Inc.

DATE: September 14, 2007

SILICON GRAPHICS, INC., et al.
CASE NO. 06-10977 (BRL) (Jointly Administered)
CONDENSED CONSOLIDATING BALANCE SHEET
(Unaudited)
(In thousands)
March 30, 2007

	<u>Debtors</u>	<u>Non-Debtors</u>	<u>Eliminations (1)</u>	<u>Consolidated</u>
Assets:				
Current assets:				
Cash and cash equivalents	\$ 31,940	\$ 37,518	\$ —	\$ 69,458
Short-term marketable investments	—	42	—	42
Short-term restricted investments	2,658	26,555	—	29,213
Accounts receivable, net	30,234	38,379	—	58,613
Inventories	94,456	1,002	(79)	95,379
Prepaid expenses	3,381	4,466	—	7,847
Other current assets (2)	21,020	14,283	—	35,303
Due from affiliates	251,913	48,401	(300,314)	—
Total current assets	435,602	160,646	(300,393)	295,855
Property and equipment, net (2)	41,955	2,583	—	44,538
Goodwill	3,815	—	—	3,815
Other intangibles	78,378	—	—	78,378
Other non-current assets (2)	20,410	33,126	—	53,536
Due from affiliates	130,328	200,040	(330,768)	—
	<u>\$ 710,488</u>	<u>\$ 396,795</u>	<u>\$ (631,161)</u>	<u>\$ 476,122</u>
Liabilities and Stockholders' Equity:				
Liabilities not subject to compromise:				
Current liabilities:				
Accounts payable	\$ 28,672	\$ 3,535	\$ —	\$ 32,207
Accrued compensation	19,695	16,245	—	35,940
Income taxes payable	(953)	1,578	—	625
Current portion of deferred revenue	54,572	30,743	—	85,315
Customer Advances	23,417	12,239	—	35,656
Other current liabilities (2)	32,581	12,880	—	45,461
Due to affiliates	321,932	(26,552)	(295,380)	—
Total current liabilities	479,916	50,668	(295,380)	235,204
Long-term debt	85,000	—	—	85,000
Non-current portion of deferred revenue	8,164	295	—	8,459
Other non-current liabilities	12,644	14,323	—	26,967
Due to affiliates	(1,704)	1,704	—	—
Total liabilities not subject to compromise	584,020	66,990	(295,380)	355,630
Liabilities subject to compromise	—	—	—	—
Total liabilities	584,020	66,990	(295,380)	355,630
Stockholders' equity				
New common stock, \$0.01 par value, and additional paid-in capital; 25,000,000 shares authorized; 11,125,000 shares issued and outstanding	187,207	—	—	187,207
Accumulated deficit	(86,551)	19,889	(53)	(66,715)
Total stockholders' equity	100,656	19,889	(53)	120,492
	<u>\$ 684,676</u>	<u>\$ 86,879</u>	<u>\$ (295,433)</u>	<u>\$ 476,122</u>

(1) Consolidated financial results are comprised of post-confirmation Debtor and Non-Debtor entities that have affiliated transactions with other post-confirmation Debtor and Non-Debtor entities. Amounts included under the heading “Eliminations” represent entries required to properly eliminate transactions between affiliated entities for consolidated financial statement presentation purposes.

(2) Balance Sheet Detail

Other Current Assets

Other current assets at March 30, 2007 were as follows (in thousands):

	<u>Debtors</u>	<u>Non-Debtors</u>	<u>Consolidated</u>
Deferred cost of goods sold	\$ 11,935	\$ 858	\$ 12,793
Value-added tax receivable	123	635	758
Other	8,962	12,790	21,752
Total other current assets	<u>\$ 21,020</u>	<u>\$ 14,283</u>	<u>\$ 35,303</u>

Property and Equipment, Net

Property and equipment, net at March 30, 2007 was as follows (in thousands):

	<u>Debtors</u>	<u>Non-Debtors</u>	<u>Consolidated</u>
Real property and improvements	\$ 15,709	\$ 14	\$ 15,723
Machinery and equipment	15,837	1,086	16,923
Furniture, fixtures and office equipment	1,330	358	1,688
Vehicles	—	-	-
Leasehold improvements	14,118	2,224	16,342
Accumulated depreciation and amortization	(5,039)	(1,099)	(6,138)
Property and equipment, net	<u>\$ 41,955</u>	<u>\$ 2,583</u>	<u>\$ 44,538</u>

Other Non-Current Assets

Other non-current assets at March 30, 2007 were as follows (in thousands):

	<u>Debtors</u>	<u>Non-Debtors</u>	<u>Consolidated</u>
Spare parts	\$ 11,103	\$ 7,124	\$ 18,227
Investment in SGI Japan	—	20,869	20,869
Other	9,307	5,133	14,440
Total other non-current assets	<u>\$ 20,410</u>	<u>\$ 33,126</u>	<u>\$ 53,536</u>

Other Current Liabilities

Other current liabilities at March 30, 2007 were as follows (in thousands):

	Debtors	Non-Debtors	Consolidated
General accrued liabilities	\$ 24,482	\$ 7,250	\$ 31,732
Value-added tax payable	1,333	4,944	6,277
Product warranty	5,401	—	5,401
Current portion of restructuring liability	1,365	686	2,051
Total other current liabilities	<u>\$ 32,581</u>	<u>\$ 12,880</u>	<u>\$ 45,461</u>

Other Non-Current Liabilities

Other non-current liabilities at March 30, 2007 were as follows (in thousands):

	Debtors	Non-Debtors	Consolidated
Long-term income taxes payable	\$ 9,627	\$ 13,620	\$ 23,247
Other	3,017	703	3,720
Total other non-current liabilities	<u>\$ 12,644</u>	<u>\$ 14,323</u>	<u>\$ 26,967</u>

Attachment No. 1
SILICON GRAPHICS, INC., et al.
CASE NO. 06-10977 (BRL) (Jointly Administered)

QUESTIONNAIRE

1. Have any assets been sold or transferred outside the normal course of business, or outside the Plan of Reorganization during this reporting period?
2. Are any post-confirmation sales or payroll taxes past due?
3. Are any amounts owed to post-confirmation creditors/vendors over 90 days delinquent?
4. Is the Debtor current on all post-confirmation plan payments?

***If the answer to any of the above questions is "YES," provide a detailed explanation of each item on a separate sheet.**

INSURANCE INFORMATION

1. Are real and personal property, vehicle/auto, general liability, fire, theft, worker's compensation, and other necessary insurance coverages in effect?
2. Are all premium payments current?

***If the answer to any of the above questions is "NO," provide a detailed explanation of each item on a separate sheet.**

CONFIRMATION OF INSURANCE

TYPE of POLICY	CARRIER	Period of Coverage	Delinquency Amount
Crime/Employee Theft	Zurich American Insurance Company	7/1/06 - 7/1/07	None
Cargo / Transit	Lloyds of London	7/1/06 - 7/1/07	None
Property damage / Business Interruption	Factory Mutual Insurance Co.	7/1/06 - 7/1/07	None
General Liability/Products Liability	Federal Insurance Company (Chubb)	7/1/06 - 7/1/07	None
Automobile - Domestic	Federal Insurance Company (Chubb)	7/1/06 - 7/1/07	None
Foreign Liability	Great Northern Insurance Company (Chubb)	7/1/06 - 7/1/07	None
Umbrella Liability	Federal Insurance Company (Chubb)	7/1/06 - 7/1/07	None
1st Excess Liability	St. Paul Fire & Marine Insurance Co.	7/1/06 - 7/1/07	None
2nd Excess Liability	American Guarantee Liability & Insurance Company (Zurich)	7/1/06 - 7/1/07	None
3rd Excess Liability	No. River Insurance Company	7/1/06 - 7/1/07	None
Elec. E&O Primary Liability	Federal Insurance Company (Chubb)	7/1/06 - 7/1/07	None
E&O Excess Liability	St Paul Surplus Lines Insurance Co	7/1/06 - 7/1/07	None
Aircraft Products Liability and Non-Owned Aircraft Liability	Global Aerospace, Inc.	7/1/06 - 7/1/07	None
Fiduciary Liability	National Union Fire Insurance Company of Pittsburgh, Pa. (AIG)	7/1/06 - 7/1/07	None
Special Risk	Liberty PIA	7/1/06 - 7/1/07	None
Directors & Officers Liability – Primary	Lloyds of London and London based Insurance Companies	9/15/06 - 9/15/07	None
Directors & Officers Liability – 1st Excess	Old Republic Insurance Company	9/15/06 - 9/15/07	None
Directors & Officers Liability – 2nd Excess	Twin City Fire Insurance Co (Hartford)	9/15/06 - 9/15/07	None
Directors & Officers Liability – 3rd Excess	Navigators Insurance Company	9/15/06 - 9/15/07	None
Directors & Officers Liability – Excess and Difference-in-Conditions	XL Specialty Insurance Company	9/15/06 - 9/15/07	None
Storage Tank System Third party Liability and Cleanup Policy	Illinois Union (ACE)	10/17/06 - 10/17/07	None

DESCRIBE PERTINENT DEVELOPMENTS, EVENTS, AND MATTERS DURING THIS REPORTING PERIOD:

Estimated Date of Filing the Application for Final Decree: June 27, 2008

Attachment No. 2
SILICON GRAPHICS, INC., et al.
CASE NO. 06-10977 (BRL) (Jointly Administered)
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS BY DEBTOR
(Unaudited) (In dollars)

This Report is being submitted for all bank accounts that are presently maintained by the post-confirmation debtor.

Debtor's Name:	Silicon Graphics, Inc., et al.	Bank:	Wells Fargo; ING; Credit Suisse
Bankruptcy Number:	06-10977 (BRL) (Jointly Administered)	Account Number:	Various
Date of Confirmation:	September 19, 2006	Account Type:	Main Checking; Collections; various ZBA accounts
Reporting Period (month/year):	For the quarter ended March 30, 2007		

Beginning cash balance	\$ 26,320,269
All receipts received by the debtor:	
Cash sales	—
Collections of Accounts Receivable:	
Silicon Graphics, Inc.	46,026,994
Silicon Graphics Federal, Inc.	50,604,468
International receipts	22,139,662
Total collections of Accounts Receivable	118,771,124
Proceeds from litigation (settlement or otherwise)	—
Sale of debtor assets	—
Capital infusion pursuant to Plan	—
Total cash received	118,771,124
Total cash available	145,091,393
All disbursements made by the debtor:	
Disbursements made under the Plan, excluding the administrative claims of bankruptcy professionals	—
Disbursements made pursuant to the administrative claims of bankruptcy professionals	—
All other disbursements made in the ordinary course:	
Silicon Graphics, Inc.	102,262,505
Silicon Graphics Federal, Inc.	12,455,197
Total disbursements	114,717,702
Ending cash balance	<u><u>\$ 30,373,691</u></u>

Attachment No. 2 (continued)
SILICON GRAPHICS, INC., et al.
CASE NO. 06-10977 (BRL) (Jointly Administered)
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS BY DEBTOR
(Unaudited) (In dollars)
For the period from December 30, 2006 to March 30, 2007

TOTAL DISBURSEMENTS BY DEBTOR		
Legal Entity	Case Number	Disbursements
Silicon Graphics, Inc.	06-10977 (ALG)	\$ 102,262,505
Silicon Graphics Federal, Inc.	06-10978 (ALG)	12,455,197
Cray Research, LLC	06-10979 (ALG)	—
Silicon Graphics Real Estate, Inc.	06-10980 (ALG)	—
Silicon Graphics World Trade Corporation	06-10981 (ALG)	—
Silicon Studio, Inc.	06-10982 (ALG)	—
Cray Research America Latina Ltd.	06-10983 (ALG)	—
Cray Research Eastern Europe Ltd.	06-10984 (ALG)	—
Cray Research India Ltd.	06-10985 (ALG)	—
Cray Research International, Inc.	06-10986 (ALG)	—
Cray Financial Corporation	06-10987 (ALG)	—
Cray Asia/Pacific, Inc.	06-10988 (ALG)	—
ParaGraph International, Inc.	06-10989 (ALG)	—
WTI Development, Inc.	06-10990 (ALG)	—
Total disbursements		<u>\$ 114,717,702</u>